



INTERNATIONAL
TRADE
ADMINISTRATION

Trans-Pacific Partnership



Opportunities for the U.S. Energy Products Sector



U.S. Energy Products Exporters Currently Face Barriers in New TPP Markets**

\$1.0 Billion in U.S. Energy Products Exports to New TPP Markets

Energy Exports Face Tariffs in New TPP Markets Up to **30%**

An estimated **\$24 Million** in Duties are Levied on U.S. Exports of Energy Products in New TPP Markets Every Year

The Energy Products Sector includes products such as turbines, solar cells, static converters, civil nuclear equipment, and high-voltage electric conductors

Key Market Access Benefits

Japan will eliminate import taxes on **100%** of U.S. energy products exports **immediately**

Malaysia will eliminate import taxes on **86.2%** of U.S. energy products exports immediately and **89.8%** within **4** years

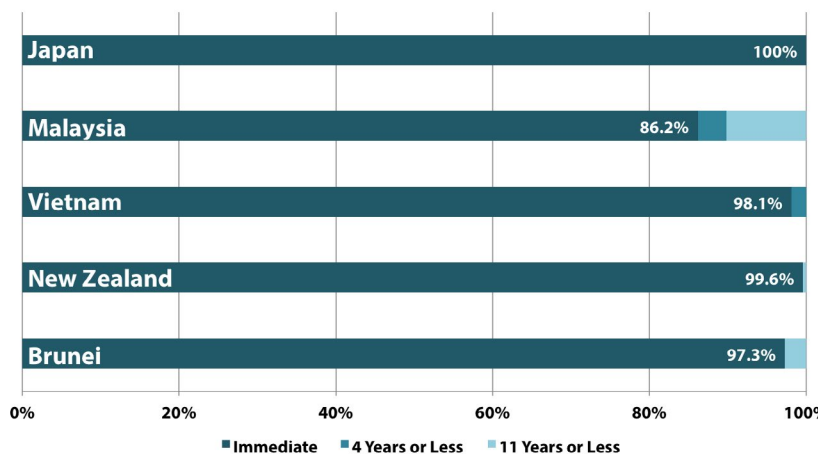
New Zealand will eliminate import taxes on **99.6%** of U.S. energy products exports **immediately**

Vietnam will eliminate import taxes on **98.1%** of U.S. energy products exports **immediately**

Brunei will eliminate import taxes on **97.3%** of U.S. energy products exports **immediately**

97.0% of U.S. Energy Products Exports to New TPP Markets will Enjoy Duty-Free Access Immediately

Share of Exports by Tariff Elimination Basket



* **TPP Countries:** Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam

** **New TPP Countries:** Countries with which the United States currently does not have preferential market access – Brunei, Japan, Malaysia, New Zealand, and Vietnam

Importance of the U.S. Energy Products Sector

58,000 U.S. Energy Product Workers in 2014

\$38.7 Billion in U.S. Production in 2013

\$22.6 Billion in U.S. Energy Products Exports to the World in 2014

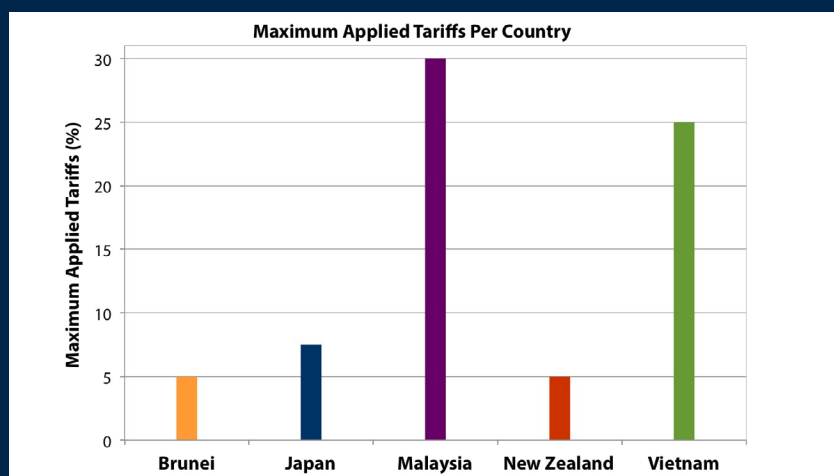
U.S. Energy Products Exports to the World Grew by **7%** between 2009 – 2014

36% of Total U.S. Energy Products Exports to the World in 2014 Went to the TPP Region

New TPP Partners are Significant Markets for U.S. Energy Products Exports

Japan	\$699 Million
Malaysia	\$213 Million
New Zealand	\$53 Million
Vietnam	\$48 Million
Brunei	\$7 Million

U.S. Energy Products Exports Currently Face High Barriers in New TPP Markets ...



... Which Will be Eliminated Under TPP

Opportunities for Selected Energy Products Subsectors

Renewable Energy Equipment

U.S. exports of renewable energy

equipment, such as wind turbines, currently face tariffs as high as 5% in the new TPP markets, but competing products from China face no tariffs. Under TPP, all tariffs on U.S. exports of renewable energy equipment will be duty-free immediately.

Power Generation Equipment

Tariffs on U.S. exports of power generation equipment

and components range as high as 25% in the new TPP markets. U.S. power generation manufacturers are at a disadvantage compared to their Chinese competitors, which face significantly reduced tariffs due to trade agreements China already has with TPP countries. TPP will help level the playing field for these products by eliminating tariffs immediately on 99.9% of U.S. exports of power generation equipment.

Power Transmission Equipment

U.S. exports of power transmission equipment,

including high-voltage electric conductors, face tariffs as high as 30% in Malaysia and 25% in Vietnam, but Chinese products face significantly reduced tariffs. Under TPP, 85.5% of U.S. exports of power transmission equipment will see immediate tariff elimination, with the remaining tariffs reduced to zero over time.

TPP Commitments Will Make it Easier to Sell More Made-in-America Products

► Saves Time



- **Customs Procedures:** TPP provides for transparent and predictable customs regulations to facilitate the quick release of goods and promote regional supply chains. This includes special features to support small business exporters, including extra facilitations to speed express delivery.
- **Rules of Origin:** TPP provides common rules of origin to ensure that TPP benefits go to the United States and other TPP countries, not China or other non-members.

► Reduces Costs



- **Investment:** TPP ensures that U.S. investors have the same kinds of protections in TPP markets that the United States already provides investors here at home, such as due process, non-discrimination, and just compensation in the event of expropriation.
- **Technical Barriers to Trade (TBT):** TPP enhances transparency, reduces unnecessary testing and certification costs, and promotes greater openness as standards are developed. This will enable U.S. exporters to ship more specialized, high-value manufactured goods to the region.

► Promotes Fairness



- **State-Owned Enterprises (SOEs):** TPP develops rules to ensure that U.S. private sector businesses and workers are able to compete on fair terms with SOEs engaged in commercial activity. These include ensuring that SOE commercial purchases and sales take place on the basis of commercial considerations and that SOEs and designated monopolies do not discriminate against U.S. enterprises, goods, and services. TPP also guarantees that U.S. SOEs providing public services continue to operate without interference.
- **Environment:** TPP creates strong and enforceable environment obligations and includes new provisions on wildlife trafficking, illegal logging, and illegal fishing practices.
- **Labor:** TPP establishes strong and enforceable obligations, including adherence to fundamental labor rights as recognized by the International Labor Organization. TPP will require countries to protect the freedom to form unions and bargain collectively, eliminate exploitative child labor and forced labor, and set acceptable conditions of work.



Want to learn about the tariff for your specific product in the TPP?
Visit the FTA Tariff Tool at <http://www.export.gov/fta/ftatarifftool/>

TPP Implementation Offers New Opportunities for U.S. Exporters

Market Opportunity Spotlight

Japan – Renewable Energy

Japan's efforts to diversify its energy sources is expected to generate significant growth in the renewable energy sector, including solar power, wind power, geothermal, and biomass. Projections indicate that Japan will install more renewable energy capacity over the next two years than any country but China. While the Japanese renewable energy market has always been important to U.S. companies, Japan's decision to use policy incentives to adjust its energy mix has increased the demand for renewable energy technologies over the last three years, providing additional opportunities for U.S. exporters.



Market Opportunity Spotlight

Vietnam – Civil Nuclear

Vietnam plans to build more than 10,000 megawatts of nuclear capacity by 2030. These plans present rapidly emerging opportunities for the U.S. civil nuclear industry. Vietnam's civil nuclear market is estimated to be worth \$10 billion and is expected to grow to \$50 billion by 2030. With the October 2014 entry into force of the U.S.-Vietnam Nuclear Cooperation Agreement, U.S. companies are well-positioned to compete for additional reactor projects and services. Opportunities for U.S. companies include components for reactors, engineering services for existing projects, legal and consulting services, design and construction services, and waste management.



Energy Products Companies Across the United States Export to the TPP Region

